U. S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

# FORM 10-QSB

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

For the quarterly period ended: March 31, 1996

[ ] 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 incorporation or organization) | (I.R.S. Employer 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 [ X ] (2) Yes [ X ] 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 [ X ]

## 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 second quarter ended March 31, 1996, 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 report

Gemstar Enterprises, Inc.
(A Development Stage Company)
Balance Sheet
March 31, 1996
[Unaudited]

ASSETS

| | |
|---|---|
| Current Assets: | |
| Cash in bank | $ 2,010 |
| Total Current Assets | $ 2,010 |
| TOTAL ASSETS | $ 2,010 |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | |
|---|---|
| Current Liabilities: | |
| Accounts payable | $ 333 |
| Loans from officers | 665 |
| Total Current Liabilities | $ 998 |
| 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 | <8,484> |
| Total Stockholders' Equity | $ 1,012 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | $ 2,010 |

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

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

<TABLE>
<CAPTION>

| | For the Three Month Period Ended March 31, 1996 | For the Three Month Period Ended March 31, 1995 | For the Six Month Period Ended March 31, 1996 | For the Six Month Period Ended March 31, 1995 | From the Date of Inception as a Development Stage Company (April 10, 1993) Through March 31, 1996 |
|---|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> | <C> |
| Revenue | $ -0- | $ -0- | $ -0- | $ -0- | $ -0- |

| | | | | | |
|---|---|---|---|---|---|
| Expenses: | | | | | |
| Office Supplies | $ 18 | $ -0- | $ 61 | $ -0- | $ 61 |
| Filing Fees | -0- | 300 | 300 | 300 | 1,267 |
| Cost of public entity | 360 | -0- | 360 | -0- | 940 |
| Travel | 268 | -0- | 268 | -0- | 281 |
| Taxes, non-income | -0- | -0- | -0- | -0- | 127 |
| Impairment of assets | 5,396 | -0- | 5,396 | -0- | 5,396 |
| Amortization | -0- | -0- | -0- | -0- | 412 |
| Total Expenses | $ 6,042 | $ 300 | $ 6,385 | $ 300 | $ 8,484 |
| NET LOSS | $<6,042> | $ <300> | $<6,385> | $ <300> | $<8,484> |
| NET LOSS PER SHARE | $ <0.00> | $ <0.00> | $ <0.00> | $ <0.00> | $ <0.00> |
| Common Shares used in Net Loss Computation | 6,758,614 | 6,758,614 | 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>

| <S> | Common Stock Shares <C> | Amount <C> | Paid-in Capital <C> | Deficit Accum. Prior to the Development Stage <C> | Deficit Accum. During the Development Stage <C> | Due From Officer <C> | Total Stockholders' Equity <Deficit> <C> |
|---|---|---|---|---|---|---|---|
| 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 six month period, March 31, 1996 | -0- | -0- | -0- | -0- | <6,385> | -0- | <6,385> |
| | --------- | ------- | ------- | -------- | ------- | ------- | -------- |
| Balance, March 31, 1996 | 6,758,614 | $ 6,759 | $908,285 | $<905,540> | $<8,484> | $ -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>

| | For the Six Month Period Ended March 31, 1996 | For the Six Month Period Ended March 31, 1995 | From the Date of Inception as a Development Stage Company (April 10, 1993) Through March 31, 1996 |
|---|---|---|---|
| | ---- | ---- | ---- |
| <S> | <C> | <C> | <C> |
| Cash Flows from Operating Activities: | | | |
| Net Loss from Operations | $ <6,385> | $ <300> | $ <8,484> |
| Amortization | -0- | -0- | 412 |

| | | | |
|---|---|---|---|
| Expenses paid by officer | -0- | -0- | 1,581 |
| Increase <Decrease> in accounts payable | 333 | -0- | <279> |
| | -------- | -------- | -------- |
| Net Cash Used In Operating Activities | $ <6,052> | $ <300> | $ <6,770> |
| | -------- | -------- | -------- |
| Cash Flows from Financing Activities: | | | |
| Proceeds from sale of common stock | $ -0- | $ 1,195 | $ 1,195 |
| Advances from officer | 62 | 300 | 665 |
| Collection of receivable from officer | -0- | -0- | 7,397 |
| Advances to officer | -0- | <1,195> | <1,195> |
| | -------- | -------- | -------- |
| Net Cash Provided by Financing Activities | $ 62 | $ 300 | $ 8,062 |
| | -------- | -------- | -------- |
| Net Increase <Decrease> In Cash | $ <5,990> | $ -0- | $ 1,292 |
| Cash at beginning of period | 8,000 | -0- | 718 |
| | -------- | -------- | -------- |
| Cash at end of period | $ 2,010 | $ -0- | $ 2,010 |
| | ======== | ======== | ======== |

</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 and six month periods ended March 31, 1996 and 1995, 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 March 31, 1996, 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 - CHANGE IN STOCKHOLDERS' EQUITY

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.

NOTE 3 - APPLICATION OF NEW ACCOUNTING PRINCIPLE

In applying the Financial Accounting Standards Board's Statement Number 121 (Impairment of Long Lived Assets and of Long Lived Assets to be Disposed Of) the Company was required to reviewed for impairment its long-lived assets. In performing the review, the Company is required to estimate the future cash flows expected to result from the use of such asset. The Company acquired computer software ("Software") for the purpose of assisting management in filing reports electronically with the Securities and Exchange Commission. Even though management believes that the usefulness of the Software is for a period greater than one year, the Software is not used in conjunction with any generation of cash flow. Consequently, the Company has charged to expense the total cost associated with this purchase.

NOTE 4 - SUBSEQUENT EVENTS

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 those liabilities associated with those assets. Thus, the Company avoided any bankruptcy, receivership or similar proceeding. By April, 1993, all of the Company's assets had been disposed of and since that time the Company has been considered a new entity for accounting purposes. Prior to the end of the fiscal year of September, 1993, all liabilities which had remained after the sale of the Company's assets were assumed by the Company's sole officer and director, for which the Company issued its common stock at a value of $0.02 per share and retained a receivable from this individual, which amounted to less than $10,000. 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 revenue producing 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 with which to merge, in order to establish business operations. The Company can not assure success in this endeavor and 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. This dilution will be a result of the Company issuing additional equity securities in exchange for the assets or operations being acquired.

If and when such a business reorganization occurs, the resultant dilution in a current shareholder's ownership percentage in the Company after the completion of the reorganization will occur because the Company will need to provide payment or consideration to the previous owners of the operations or business being acquired. Additionally, an incentive to such owners to have their business acquired by the Company, is that the Company may sell shares of its equity securities to have cash available to fulfill certain capital requirements as contained in the plan of reorganization.

The Company had no employees during each of its last two fiscal years and it is not anticipated that any employees will be hired during the current fiscal year. However, if the Company's business operations were to change through an acquisition of a business operation, then that businesses employees will be retained and additional employees may be hired. At the present time, 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 utilization of management increases, the Company intends to reimburse management for its out-of-pocket costs and to compensate management for the time required to fulfill its responsibilities to the Company. During 1993, the board of directors approved resolutions authorizing the issuance of the Company's common stock as consideration for amounts advanced to the Company by its stockholders and may again do so in the future.

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.

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 March 31, 1996, the Company had cash assets of $2,010 and $603 in liabilities. The significant decrease in cash was due to the Company acquiring computer software to assist in its filing of reports electronically with the Securities and Exchange Commission. 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 to bring the Company's financial and corporate reporting obligations current. 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 associated therewith are incurred and paid by management, the Company may reimburse such costs through the issuance of 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 as previously disclosed herein, during the quarters ended December 31, 1995 and 1994. Consequently, no revenue was generated by the Company during the first quarter of each of those periods. Furthermore, the Company did not generate any revenue during its fiscal year ended September 30, 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

### Item 1 -Legal Proceedings:

None.

### Item 2 -Changes in Securities:

The change in the par value of the Company's common stock which occurred during the quarter being reported upon, has no direct effect on any rights of the holders of the Company's common shares and effects only the carrying amounts in the "common stock" and in the "paid-in capital" accounts.

### Item 3 -Defaults upon Senior Securities:

None.

### Item 4 -Submission of Matters to a Vote of Security Holders:

In compliance with the Nevada Revised Statues, the Company set March 25, 1996 as the record date to obtain the consent of a majority of its shareholders for the purpose of amending its Articles of Incorporation by changing the par value of the common stock from $0.02 per share to $0.001 per share. This Amendment was filed in the office of the Secretary of State of Nevada on April 29, 1996. The number of shares of the Company's common stock eligible to vote was 6,758,614 shares, of which consent resolutions representing 4,915,000 shares (73% of the shares eligible to vote) were voted for adopting such Amendment.

The form of the consent resolution and the amendment to the articles of incorporation are made a part of this Form 10-QSB Report as Exhibit number 22 and Exhibit number 3, respectively.

### Item 5 - Other Information:

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 22: Published Report Regarding Matters Submitted to a Vote

Included in this Report as Exhibit 22

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

<TABLE> <S> <C>

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| <PERIOD-END> | MAR-31-1996 |
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</TABLE>

EXHIBIT NO. 3

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

Pursuant to the applicable provisions of the Nevada Revised Statutes, the undersigned officer, duly authorized by the shareholders of GEMSTAR ENTERPRISES, INC., adopts the following Articles of Amendment to its Articles of Incorporation by stating the following:

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

SECOND: The following Amendment to the Articles of Incorporation was adopted by a majority vote of the shareholders of the Corporation eligible to vote on the 25th day of March, 1996 pursuant to Section 78.320 of the Nevada Revised Statutes.

1. Article IV - Stock is amended only with respect to paragraph A. Common Stock as follows. Paragraph B. Preferred Stock is not amended by this Amendment to the Articles of Incorporation.

ARTICLE IV - STOCK

A. Common Stock.

The aggregate number of shares of Common Stock which the Corporation shall have authority to issue is 100,000,000 shares at a par value of $.001 per share. All stock when issued shall be fully paid and non-assessable. he Board of Directors of the Corporation may, at its discretion and by resolution of the majority of all of the members of the Board of Directors at the time of such resolution, issue any authorized but unissued Common Stock of the Corporation which has not been reserved for issuance upon the exercise of any outstanding warrants, options, or other document evidencing the right to acquire the Common Stock of the Corporation.

Each share of Common Stock shall be entitled to one vote at any meeting of the Corporation's shareholders duly called for in accordance with the Nevada Revised Statutes, either in person or by proxy. Cumulative voting shall not be permitted for the election of individuals to the Corporation's Board of Directors or for any other matters brought before any meeting of the Corporation's shareholders, regardless of the nature thereof. Shareholders of the Corporation's Common Stock shall not be entitled to any pre-emptive or preferential rights to acquire additional Common Stock of the Corporation.

THIRD: The number of shares of the Corporation outstanding stock eligible to vote on March 25, 1996, the date that this Amendment was adopted by the shareholders of the Corporation, was 6,758,614 shares.

FOURTH: The number of shares of the Corporation that voted for the adoption of this Amendment was 4,915,000 shares, representing 73% of the shares eligible to vote. There were no shares voted against the adoption of this Amendment.
DATED this 26th day of April 1996

Attest: GEMSTAR ENTERPRISES, INC.

| | |
|---|---|
| By: /S/Denny W. Nestripke | By: /S/Denny W. Nestripke |
| Denny W. Nestripke | Denny W. Nestripke |
| Secretary | President |

AFFIRMATION

State of California
County of Riverside

Subscribed and affirmed before me, Kathleen Jones, Notary Public, on this

26th day of April, 1996, by Denny W. Nestripke, who attests, deposes and states that he signed this Amendment to the Articles of Incorporation in his capacity as Secretary and President of Gemstar Enterprises, Inc., that he has read these Articles of Amendment, that he knows the contents thereof and that these Articles of Amendment contain the Amendment duly adopted on March 25, 1996, by those shareholders of Gemstar Enterprises, Inc. eligible to vote in accordance with Section 78.320 of the Nevada Revised Statutes.

WITNESS my hand and official seal.

/S/Kathleen Jones
Kathleen Jones
Signature of Notary

[Official Seal]

EXHIBIT NO. 22

CONSENT RESOLUTION
OF A
SHAREHOLDER
OF
GEMSTAR ENTERPRISES, INC.

This Consent Resolution, dated this 25th day of March, 1996, is being executed pursuant to Section 78.320 of the Nevada Revised Statutes, which provides that action so taken shall have the same effect as to cast one's vote at a Meeting of Shareholders', duly noticed and attended by a majority of those Shareholders eligible to vote at such a Meeting. The Undersigned, ________________________ acknowledges compliance with and agrees to be subject to such Section of the Nevada Revised Statutes (hereinafter referred to as an "Eligible Shareholder").

The Eligible Shareholder of Gemstar Enterprises, Inc. (hereinafter referred to as the "Corporation") is the record holder of ___________________ shares of the Corporation's issued and outstanding common stock, which amount represents _______ % of the total 6,758,614 shares of the issued and outstanding common stock of the Corporation.

The Eligible Shareholder of the Corporation has reviewed the benefits of revising the par value of the Corporation's common stock from $.02 per share to $.001 per share and has determined that such a revision would be in the best interest of the Corporation and of the Corporation's shareholders. Furthermore, the Eligible Shareholder has been informed by the presently constituted Board of Directors of the Corporation, that such a revision would not have an adverse effect with respect to any individual or entity to whom the Corporation is indebted at the present time, in any form, fashion or manner.

Accordingly, the Eligible Shareholder approves the following Resolution to change the par value of the Corporation's common stock by amending the first paragraph of:

Article IV - Stock

A. Common Stock, of the Articles of Amendment to the Articles of Incorporation:

RESOLVED: That the par value of the common stock of the Corporation be revised from $.02 to $.001 per share and that such revision shall take effect as of the date hereof without any other changes to the Articles of Incorporation of the Corporation.

FURTHER RESOLVED: That the second paragraph of A. Common Stock, be revised to eliminate the right of the Board of Directors of the Corporation to allow "any unissued securities of the corporation [shall] be offered for subscription solely to the holders of common stock of the corporation or solely to the holders of any class or classes of such stock, in such proportions based on stock ownership as said board at its discretion may determine."

_________________________
Eligible Shareholder