

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: June 30, 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 (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 third quarter ended June 30, 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 Form 10-KSB Report.

Gemstar Enterprises, Inc.  
(A Development Stage Company)

Balance Sheet  
June 30, 1996  
[Unaudited]

ASSETS

Current Assets:		
Cash in bank	\$	604
	-----	
Total Current Assets	\$	604
	-----	
TOTAL ASSETS	\$	604
	=====	

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:			
Accounts payable	\$	-0-	
Loans from officers		665	
	-----		
Total Current Liabilities	\$	665	
	-----		
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		<9,557>	
	-----		
Total Stockholders' Equity <Deficit>	\$	<61>	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	604	
	=====		

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

<PAGE 4>

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

<TABLE>  
<CAPTION>

	For the Three Month		From the Date of Inception as a Development Stage Company		
	Period Ended		For the Nine Month		Through
	June 30, 1996	1995	Period Ended June 30, 1996	1995	June 30, 1996
<S>	<C>	<C>	<C>	<C>	<C>
Revenue	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
	-----	-----	-----	-----	-----
Expenses:					
Office Supplies	\$ 13	\$ -0-	\$ 74	\$ -0-	\$ 74
Filing Fees	125	-0-	425	300	1,392
Cost of public entity	935	315	1,295	315	1,875
Travel	-0-	-0-	268	-0-	281
Taxes, non-income	-0-	-0-	-0-	-0-	127
Impairment of assets	-0-	-0-	5,396	-0-	5,396
Amortization	-0-	-0-	-0-	-0-	412
	-----	-----	-----	-----	-----
Total Expenses	\$ 1,073	\$ 315	\$ 7,458	\$ 615	\$ 9,557
	-----	-----	-----	-----	-----
NET LOSS	\$<1,073>	\$<315>	\$<7,458>	\$<615>	\$<9,557>
	=====	=====	=====	=====	=====

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>  
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	Common Shares	Common Stock Amount	Deficit Accum. Paid-in Capital	Deficit Accum. During the Development Stage	Due Development Stage	Total Stockholders' From Officer <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-	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  
nine month period,

June 30, 1996 -0- -0- -0- -0- <7,458> -0- <7,458>

Balance,

June 30, 1996 6,758,614 \$ 6,759 \$908,285 \$<905,540> \$<9,557> \$ -0- \$ <61>

</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>  
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	From the Date of Inception as a Development Stage Company (April 10, 1993)		
	For the Nine Month Period		Through
	Ended June 30, 1996	1995	June 30, 1996
	----	----	----
	<C>	<C>	<C>
Cash Flows from Operating Activities:			
Net Loss from Operations	\$ <7,458>	\$ <615>	\$ <9,557>
Amortization	-0-	-0-	412
Expenses paid by officer	-0-	-0-	1,581
Increase <Decrease> in accounts payable	-0-	-0-	<612>
	-----	-----	-----
Net Cash Used In Operating Activities	\$ <7,458>	\$ <615>	\$ <8,176>
	-----	-----	-----
Cash Flows from Financing Activities:			
Proceeds from sale of common stock	\$ -0-	\$ 1,195	\$ 1,195
Advances from officer	62	615	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	\$ 615	\$ 8,062
	-----	-----	-----
Net Increase <Decrease> In Cash	\$ <7,396>	\$ -0-	\$ <114>
Cash at beginning of period	8,000	-0-	718
	-----	-----	-----
Cash at end of period	\$ 604	\$ -0-	\$ 604
	=====	=====	=====

</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 nine month periods ended June 30, 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 - 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 included those liabilities associated with those assets. Thus, the Company avoided any bankruptcy, receivership or similar proceeding. These transactions were completed by April 10, 1993, and since that time the Company has been considered a new entity for accounting purposes. During August of 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 sold shares of its common stock during the fourth quarter of this fiscal year 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 that may be contained in the plan of reorganization.

The Company had no employees during each of its last two fiscal years and no employees were hired during the current fiscal year. However, if the Company's business operations were to change through an acquisition of a business operation, then the employees of the business acquired will probably 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 an agreement is reached for the participation in a specific business opportunity by way of investment or otherwise, the failure to consummate that 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 June 30, 1996, the Company had cash assets of \$604 and liabilities which exceeded its assets by approximately \$60. In order to provide adequate capital to conduct its operations and to pay the substantial legal, accounting and other costs associated with bringing current its financial and corporate reporting obligations to the Securities and Exchange Commission, the Company raised \$10,000 through the sale of its common stock to four individuals in an isolated transaction. 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. Management has not received any compensation for its efforts to bring the Company's financial and corporate reporting obligations current. Additionally, 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 in cash or through the issuance of its equity securities or enter into promissory notes, for such services and costs rendered by management to the Company.

#### Results of Operations

The Company has not engaged in any business operations, other than as previously disclosed herein. Thus, during the quarters ended June 30, 1996 and 1995, no revenue was generated by the Company. Furthermore, the Company did not generate any revenue during all of 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

#### Items 1 - 5

The Company's response with respect to Items 1 - 5 of this Form 10-QSB Report for the quarter ended June 30, 1996, 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

Incorporated by reference to the Company's Form 10-QSB, for the quarter ended December 31, 1995

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

Incorporated by reference to the Company's Form 10-QSB, for the quarter ended December 31, 1995

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 Registrant 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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