

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

Form 10-QSB

(Mark One)

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

For the quarterly period ended December 31, 1998

/ Transition Report under Section 13 or 15(d) of the Exchange Act For the Transition Period from _____ to _____

Commission File Number: 0-24971

MGPX Ventures, Inc.

(Exact name of small business issuer as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

95-4067606
(I.R.S. Employer
Identification No.)

17337 Ventura Boulevard, Suite 224
Encino, California 91316
Issuer's Telephone Number: (818) 981-7074
(Address and phone number of principal executive offices)

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 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 X
--- ---

The Registrant has 1,509,865 shares of Common stock, par value \$.04 per share issued and outstanding as of December 31, 1998.

Traditional Small Business Disclosure Format (check one) Yes No X
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ON FORM 10-QSB

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS
(Financial Statements Commence on Following Page)

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MGPX VENTURES, INC.
BALANCE SHEETS
JUNE 30, 1998 AND DECEMBER 31, 1998 (UNAUDITED)

ASSETS		
	June 30, 1998	December 31, 1998
	-----	----- (unaudited)
CURRENT ASSETS		
Cash and cash equivalents	\$ 559,102	\$ 528,246
Prepaid insurance	16,005	13,337
	-----	-----
TOTAL CURRENT ASSETS	\$ 575,107	\$ 541,583
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 900	\$ -
Preferred stock dividends payable	45,339	60,452
	-----	-----
Total current liabilities	46,239	60,452
	-----	-----
SHAREHOLDERS' EQUITY		
Convertible Preferred stock, Series B, \$0.04 par value \$30 per share liquidation preference and certain voting rights 125,000 shares authorized 16,792 shares issued and outstanding	672	672
Common stock, \$0.04 par value 12,375,000 shares authorized 1,509,865 shares issued and outstanding	60,395	60,395
Additional paid-in capital	12,168,399	2,168,399
Accumulated deficit	(1,700,598)	(1,748,335)

Total shareholders' equity	528,868	481,131
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 575,107	\$ 541,583

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MGPX VENTURES, INC.
STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS DECEMBER 31, 1998 AND 1997 (UNAUDITED)

	Three Months Ended December 31,		Six Months Ended December 31,	
	1998 (unaudited)	1997 (unaudited)	1998 (unaudited)	1997 (unaudited)
GENERAL AND ADMINISTRATIVE EXPENSES	\$ 26,524	\$ -	\$ 45,818	\$ -
LOSS FROM OPERATIONS	(26,524)	-	(45,818)	-
OTHER INCOME				
Interest income	6,129	-	13,194	-
NET LOSS FROM CONTINUING OPERATIONS	(20,395)	-	(32,624)	-
DISCONTINUED OPERATIONS				
Loss from operations, net of provision for income taxes of \$0 (unaudited), \$509,568 (unaudited), \$0 (unaudited), and \$515,058 (unaudited)	-	(504,944)	-	(497,044)
Gain on disposition of operations, net of provision for income taxes of \$0 (unaudited)	-	207,572	-	207,572
Net loss from discontinued operations	-	(297,372)	-	(289,472)
NET LOSS	\$ (20,395)	\$ (297,372)	\$ (32,624)	\$ (289,472)
BASIC LOSS PER SHARE				
From continuing operations	\$ (0.01)	\$ -	\$ (0.02)	\$ -
From discontinued operations	-	(0.16)	-	(0.15)
TOTAL BASIC LOSS PER SHARE	\$ (0.01)	\$ (0.16)	\$ (0.02)	\$ (0.15)
WEIGHTED-AVERAGE SHARES OUTSTANDING	1,509,865	1,872,241	1,509,865	1,872,241

MGPX VENTURES, INC.
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED DECEMBER 31, 1998 AND 1997 (UNAUDITED)

	1998	1997
	-----	-----
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss from continuing operations	\$ (32,624)	\$ -
Increase (decrease) in		
Accounts payable	(900)	-
Prepays	2,668	-
	-----	-----
Net cash used in continuing operating activities	(30,856)	-
Net cash used in discontinued operating activities	-	(46,670)
	-----	-----
Net cash used in operating activities	(30,856)	(46,670)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash used in discontinued investing activities	-	(39,976)
	-----	-----
Net cash used in investing activities	-	(39,976)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash provided by discontinued financing activities	-	82,612
	-----	-----
Net cash provided by financing activities	-	82,612
	-----	-----
Net decrease in cash and cash equivalents	(30,856)	(4,034)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	559,102	4,034
	-----	-----
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 528,246	\$ -
	-----	-----

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

PLAN OF OPERATION

As a "shell" company, the Company currently has no revenues from operations. The Company's business plan is to identify and complete an acquisition, merger or other transaction that will enhance shareholder value. The Company's Board of Directors is reviewing potential business opportunities, without limiting the scope of its review to only one or a few types of businesses or industries. Currently, the Company has no plans, agreements, arrangements or understandings, written or oral, with respect to any acquisition, merger or similar transaction. No assurances can be given as to the Company's ability to identify and complete a transaction by any given date or as to the nature of the business or profitability of the Company if a transaction is completed. A proposed transaction could be subject to significant regulatory, business, financing and other contingencies and might require shareholder and other approvals.

RESULTS OF OPERATIONS

The following is a limited discussion of the results of operations for the quarter ended December 31, 1998 compared to those for the quarter ended December 31, 1997. A comparison of the results of operations for the quarter ended December 31, 1998 are not directly comparable to results for the quarter ended December 31, 1997 because of the sale of substantially all of the Company's net operating assets effective December 31, 1997.

FISCAL 1998 COMPARED TO FISCAL 1997

CONTINUING OPERATIONS. During the quarter ended December 31, 1998, when the Company was operating as a shell corporation, it incurred general and administrative expenses of \$26,524. These expenses were mainly comprised of a consulting fee of \$14,510 paid to the Company's President and Chief Executive Officer, and approximately \$11,000 paid for legal and accounting services. Income for the same period totaled \$6,129, and was derived mainly from interest earned on the Company's cash and cash equivalents.

DISCONTINUED OPERATIONS. Effective December 31, 1997, the Company sold substantially all of its net assets used in operations to management for \$650,000. Net proceeds were approximately \$585,000 after closing costs. As a condition of the transaction, management agreed to the cancellation of its stock options and the sale of their common shares to the Company for \$1,000, representing more than a 25% reduction in beneficial control of common

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shares. As a result, the Company's operations for the quarter ended December 31, 1997 are reported as discontinued operations. The results from discontinued operations for the quarter ended December 31, 1997 included total revenues of approximately \$1,296,000 and pre-tax net income from operations of approximately \$4,625.

Management anticipates that while the Company operates as a shell corporation, it will incur expenses of approximately \$7,500 per month.

Net loss per share for the quarter ended December 31, 1998 was \$.01, as compared to \$0.00 per share for the quarter ended December 31, 1997.

LIQUIDITY

Working capital at December 31, 1998 was \$528,246, comprised of cash and cash equivalents, which management believes is sufficient to cover current operations for at least the next twelve months.

Depending on the success of the Company's efforts to locate a potential candidate for merger or acquisition, management believes that the Company's present working capital may need to be supplemented to support the operations of the merged or acquired company over the next 12 months. Additional working capital may be sought through additional debt or equity private placements, additional notes payable to banks or related parties (officers, directors or shareholders), or from industry-available funding sources at market rates of interest, or a combination of these. The ability to raise necessary financing will depend on many factors, including the nature and prospects of any business to be acquired and the economic and market conditions prevailing at the time financing is sought. No assurances can be given that any necessary financing can be obtained on terms favorable to the Company, or at all.

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PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is not a party to any legal proceedings.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

During the quarter ended December 31, 1998, no matters were submitted to the Company's security holders.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

None.

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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.

MGPX VENTURES, INC.
(Registrant)

Dated: February 12, 1998

/s/ Buddy Young

Buddy Young, President and Chief
Executive Officer

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S FINANCIAL STATEMENTS FOR THE QUARTER ENDED DECEMBER 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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